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# Economic distress and discourse: the rise of a corporatist rhetoric in Northern Spain after World War I

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### Abstract

The paper explores the relationship between language and economy, between text and context, through a case study: the Basque region in northern Spain during World War I and the immediate postwar years. Using some tools of quantitative and qualitative analysis, I try to dissect the process of production and interpretation of the corporatist discourse, and then relate it to the evolution of the economy and the interests of the local economic elites. Contrary to the widespread Foucauldian theory, which focuses on the intrinsic structure of discourse, the results suggest that more attention should be paid to the context in explaining the process of discourse production.

**Keywords:** economic crisis, discourse, language, communication, economic elites, political economy, rhetoric, corporatism, World War I, Spain

**JEL Classification:** N14, N44, N94

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# **Economic Distress and Discourse: the Rise of a Corporatist Rhetoric in Northern Spain after World War I**

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This paper analyzes the process of construction and interpretation of the corporatist discourse during World War I and the post-war crisis. Our case study focuses on the Basque Country, a region in Northern Spain. This region underwent from the 1870s an intense process of industrial growth based on mining and heavy industry. I argue that the economic and social conditions derived from an exogenous factor as the European war were what determined the basic characteristics of the production process of the corporatist discourse after 1917. The discourse is conceived as an instrument that the economic elite with a stake in heavy industry used to promote the institutional change that was necessary to overcome a situation of stress in economic affairs. The study therefore suggests that the discourse's production process is determined by socioeconomic factors. In short, it is proposed that, faced with the current trend in certain social sciences, more attention should be paid to the context rather than to the text. The work is thoroughly interdisciplinary with regard to approaches and methodology. The author is convinced of the basic uniqueness of the social sciences. The relationship between economics, language and communication are being explored in this case.

The paper has been divided into three sections. The first one examines the economic context during the war and post-war years, by using the latest available data on domestic and regional industrial production. Below is an analysis of the corporatist discourse's main characteristics. For this, I have used some analysis tools used in sociolinguistics. The third section gives a more in-depth study of the interaction between text and context. Finally, the most relevant conclusions are stated.

## **1. The Context: Economic Distress during the War Cycle**

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World War I brought profound transformation to the Spanish economy. The war caused a drastic reduction in imports of manufactured goods that had traditionally come from countries that were now belligerent: Britain, France and Germany. This meant automatic protection for the industry, much more effective than any previous trade or tariff policy. It enabled Spanish companies to do business with the home market, without any foreign competition. Furthermore, wartime provisioning needs and productive bottlenecks in countries at war meant an increase in the demand aimed at neutral countries. Not only was this demand for arms, but also goods to replenish the damaged infrastructures, outfit troops (textile industry, leather industry) and supply raw mineral materials.<sup>1</sup>

However, the Basque industry had a hard time capitalizing on the favourable situation. The companies were still dependent on importing English coal and other basic inputs.<sup>2</sup> Receipt of these goods became quite irregular due to disruptions in shipping. The arrival of technological equipment was also halted due to the obstacles that belligerent governments imposed on granting export licenses. The collapse of the Spanish railway system and the disappearance of coastal shipping made it difficult to replace it with products manufactured on the home market. In short, a situation of strong foreign and domestic demand, and an inelastic supply. The attempt to solve the supply bottlenecks to capitalize on the exceptional circumstances was the fundamental strategy that Basque industrialists employed between 1914 and 1920. We could summarize them as follows: self-sufficiency policies such as installing ovens in order not to depend on the supply from other companies; building factories to manufacture inputs that used to be imported; acquisition of coal mines in Asturias or León to replace English coal; creation of merchant fleets to ship ore; purchase of rolling stock; investment in production lines or industries that only had a demand based on the current favourable situation; or acquisition at high prices of nearly obsolete fixed assets. In general, there was investment in predominantly “old” and cartelized industries such as iron and steel, metallurgy, paper or certain areas of the mechanical industry.

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<sup>1</sup> Roldán, García Delgado and Muñoz (1973), Pelechá Zozaya (1975), García Delgado (1983), Tortella (1994).

<sup>2</sup> See Coll and Sudriá (1987).

These strategies failed. The large iron and steel factories were not able to expand their production on a sufficient scale to satisfy the growing demand of the national transformation industry. They were even less capable of exporting. Some small, specialized metallurgical companies and the arms industry were the ones that managed to export part of their output —primarily to France, and fundamentally in 1916 and 1917. In no way did Basque industry exhibit the exportation drive that Catalanian industry did. The war expansion in the case of the Basque region was basically a profit inflation. This was possible thanks to the home market's price increase that compensated the increase in output costs.<sup>3</sup> The inflationary spiral started to accelerate in mid 1917, and industrial company profits skyrocketed in the second semester of that year and first semester of 1918. The main Spanish industrial company, Altos Hornos de Vizcaya, that already manufactured its commercial products at the Sestao factory with margins (difference between the cost price and the sales price) of around 60 % in the second semester of 1916 and 80% in the first semester of 1917, surpassed the 200% mark for several months between the second half of 1917 and the first quarter of 1918.<sup>4</sup> Nevertheless, though they were important, industrial profits were much less than those of the shipping industry.<sup>5</sup>

FIGURE 1 HERE

The available industrial output data confirm the difficulties the industry underwent during the war cycle. As can be observed in Figure 1, the two existing indices for the Basque region (IPIEUZ and IPIPV) show a dip in industrial output between 1914 and 1922. This dip was produced in two phases. The first phase in 1917-1918 has to do with inelasticities of the supply already mentioned. The second one, in 1921-1922, is related to the post-war economic crisis. When the automatic protection that war had provided disappeared, German or French imports —spurred in addition by the fall of the mark and the franc— affected the local companies. Basque industry had suffered a strong decline in production costs due to the self-sufficiency

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<sup>3</sup> Roldán, García Delgado and Muñoz (1973), Palafox (1991).

<sup>4</sup> Calculated with Hout (1998), vol. II. See also González Portilla (1994).

<sup>5</sup> See Tafunell (1998).

and investment strategies of previous years.<sup>6</sup> Though we do not have productivity data for all of Basque industry, the quantitative information provided by some sectorial studies, together with the fact that the decline in industrial output occurred during a period of an increase of 15 or 20 percentage points in the labour force in the secondary industry of Basque coastal provinces, suggests a very pronounced drop in productivity.<sup>7</sup> Actually, the industrial output per inhabitant in Catalonia surpassed in 1917 the industrial output per person in the Basque region, for the first time since 1890.<sup>8</sup>

In short, the evolution of Basque industrial output highlighted a breakaway in 1914 from its trend since 1890. It also showed a clear divergence with regard to the evolution of the Catalanian (IPICAT) and the whole of Spain's industrial output (IPIE). As may be observed in the graph, the Catalanian index and the Spanish Prados index act quite similarly. It is true that the decline in iron mining forced the Basque index downward. However, it did so moderately and did not overly modify the basic evolution of, for instance, the iron and steel industry. This sector's output, as can be seen in the graph with the data of the major Spanish iron and steel company (Altos Hornos de Vizcaya), acts similarly to the IPIPV or IPIEUZ.

Toward 1920, heavy industry in Northern Spain had many problems. The return to normality and the arrival of imports from European countries with devalued currencies began to narrow sales margins in the second semester of that year. Output could not be recovered. During the war, it had fallen due to the productive bottlenecks. In the post-war years, it fell even more due to foreign competition. Faced with growing difficulties, Basque industrialists requested the government to restore tariffs and other protective policies.<sup>9</sup> However, the industry's structure had been substantially modified between 1914 and 1920. The artificial signals issued by the market during the war and self-sufficiency policies had caused companies to be created in old industries or steep investments to be made in expanding other existent companies. As a result of the saturation, overcapitalization and a general decline in production cost, the traditional tariff policy was not sufficient for Basque

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<sup>6</sup> In 1921 and 1922 Spanish imports reached the highest values for the period 1900-1950. Fraile (1985): 99. For the Spanish economy during the interwar period, Comín (1987), Houpt and Rojo Cagigal (2006).

<sup>7</sup> Data on labour force in Olábarri (1978): 447; Luengo (1990): 232. Sectorial studies in Houpt (1998).

<sup>8</sup> Carreras (1985): 207.

<sup>9</sup> Basque businessmen's pressure on Madrid, in Harrison (1978): 85-86.

industrialists. Now they needed to implement expansive budget policies: subsidies for building new railroads or renewing material, naval contracts and extensive public works.

FIGURE 2 HERE

Stock prices constitute a good indicator of investors' confidence. They reflect the value given by the market, with the available information at that time, to stocks. In Figure 2, we can observe the evolution of stock prices for Altos Hornos de Vizcaya between 1913 and 1930. Due to the impact of the post-war crisis, nominal prices decreased in 1921 to pre-war levels. The evolution of prices in real terms are surprising: in 1918 and 1919 alone, the deflated series exceeded the 1913 level. That confirms what we stated in the preceding paragraph on the difficulties of Basque wartime industry. Data from the most important railroad company in Spain, Compañía del Norte, are also quite eloquent. One must bear in mind that between 1916 and 1918, Spanish investors acquired the greater part of this railroad company's stock on the Paris Stock Exchange. The so called “rescue” of stocks and bonds owned by foreigners was basically led by Basque and Catalanian investors. It was mainly led by the former, and especially by two local banks: Banco de Bilbao and Banco de Vizcaya. They believed that it would constitute a profitable investment from the profits obtained during the war. In 1920, it was calculated that one fifth of Compañía del Norte's shares were already in the hands of Basque investors.<sup>10</sup>

However, the European war brought on chronic congestion of railroads. This entailed a lack of wagons and locomotives, difficulties maintaining railroad tracks and an increase in labour costs and fuel. All of this, together with the fact that the government froze rail fares, put pressure on companies' profit and loss accounts. Precisely one of the most affected companies was Compañía del Norte. This turned the “rescue” into a disastrous operation for investors. As can be observed in Figure 2,

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<sup>10</sup> Lazúrtegui (1920): 206. On the “rescue”, Roldán, García Delgado and Muñoz (1973): 333-337; Muñoz, Roldán and Serrano (1978): 187-188. See also Julio Lazúrtegui :“La elevación de las tarifas ferroviarias y nuestro general problema de circulación, I y II”, *Información*, January 29th, 1920: 35-36, February 14th: 67-68. Julio Lazúrtegui: “El pleito ferroviario en España”, *Información*, April 14th, 1920: 205-207.

the price of its shares plummeted starting in 1916. It reached very low prices; in real terms below half their 1913 worth.

Thus, the new post-war circumstances now required not only a protectionist tariff policy but also a substantial increase in rail fares, government railroad subsidies and, above all, an increase in public spending and orientation toward large works with multiplying effects on the heavy industry demand. Except for the rail fare issue, the rest was something that had always been a part of the Basque pressure group's agenda. However, the change that had taken place between 1914 and 1920 — saturation of old industries, an excess of capitalization and a decline in costs— made it essential, not only to the short term, but also as a mid to long-term survival strategy.

## **2. Building the text: formation of corporatist discourse**

Due to the rise of the discourse theory, the term “discourse” has been generalized in many social science disciplines. Discourse is linguistic communication seen as a transaction between speaker and hearer, as an interpersonal activity whose form is determined by its social purpose. Discourse is basically interactive, implies certain length and presents a deeper coherence. Discourses are regulated groupings of statements that have their own internal rules.<sup>11</sup> In many works, there is no appreciable difference between the terms “discourse” and “ideology”. Some authors prefer to use the former due to its greater political correctness. Although they may roughly mean the same, in this article we use the word “discourse” associated with a group of utterances that have less formal coherence —somewhat vaguer than an “ideology”. If we follow the divisions suggested by Aristotelic triumvirate of logic, dialectic and rhetoric, corporatist discourse may be also called “rhetoric”. Aristotle defined the rhetorical sense of an argument as a persuasive process, paying attention to the means used in argumentative communications between arguer and audience.<sup>12</sup>

Discourses are socially constructed. The construction process is quite variable with regard to the duration, intensity and continuity. In this section, I analyze the corporatist discourse formation process during World War I and the post-war crisis.

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<sup>11</sup> See Mills (2004): 3-5, 43.

<sup>12</sup> Tindale (2004): 5; Harré (1985): 128-129.

The channels for disseminating corporatism were politicians' speeches, articles in the daily press, articles in economics magazines and books published by intellectuals. With the purpose of verifying the variations in discursive structures that arose during the period in the Basque region, I have used some quantitative and qualitative analysis methods used by sociolinguistic researchers.<sup>13</sup> These methods, thanks to the use of computers and specially designed software, allow researchers to work with a corpus of words and obtain lists of occurrences of a word, frequency lists, keyword analyses in context (in a sentence, in a paragraph), collocations of a word, concordances and rankings.<sup>14</sup>

In order to determine the changes that occurred in text output, I have selected and digitized all articles related to the economy that appeared in four Basque daily newspapers: *El Nervión*, *El Noticiero Bilbaíno*, *El Pueblo Vasco* and *La Gaceta del Norte*. I have done the same with a financial magazine called *Información*, that belonged to the Bilbao Chamber of Commerce. This magazine was published twice monthly. In short, I have concentrated on the media in Vizcaya province. The local economic elite were the owners of most of these companies. The conservative and monarchist *El Nervión* and *El Pueblo Vasco* belonged to the Gandarias, Ybarra and Bergé families, which were tied to heavy industry and large scale banking. Major industrialists also made their mark on the Chamber of Commerce magazine's editorial line. The Catholic integrist *La Gaceta del Norte* was linked as well to the economic elite —Chalraud, Lezama-Leguizamón, Bastera. *El Noticiero Bilbaíno* was more independent, and could be defined as petit bourgeois. The socialist *El Liberal* and the Basque nationalist *Euzkadi* have not been included in our sample.

After digitizing the texts, I have selected a series of indicators or markers that denote economic nationalism, anti-competition rhetoric or corporatist rhetoric. To compare them at different moments, I have created two corpora corresponding to the years 1914-1916 and 1920-1922. The first corpus contains 59.024 words (tokens) and the second one 228.344 words. The differences concerning the size of the two samples are simply due to the fact that more texts with an economic content were published in the second period. The size of both samples is sufficient to be

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<sup>13</sup> On discourse analysis, Phillips and Hardy (2002), Jørgensen and Phillips (2002), Gee (2005), Paltridge (2006).

<sup>14</sup> They are known as key-word-in-context (KWIC) systems or computer-assisted-qualitative-data-analysis software (CAQDAS). See Yates (2001): 110-115.



statistically significant. However, the very selection of texts, that always has a subjective nature, constitutes the main methodological problem.

It should be clarified that a systematized corporatist ideological corpus did not exist in Spain until the late 1920s or early 1930s. Some members of the intellectual elite knew Severino Aznar's work *El régimen corporativo del porvenir* (1916), or the work of some foreign corporatist writers such as the Frenchman Georges Valois.<sup>15</sup> From 1920 or 1921, many writers were in step with the postulates of an Italian breed of fascism that was explicitly corporatist. Nevertheless, a more or less developed system of ideas did not appear on the scene until the late twenties or early thirties, with theorists such as Joaquín Azpiazu. At the beginning of the 1920s there was a vague group of ideas. However, these ideas had enough structure and coherence to be called corporatist discourse. It is also necessary to clarify that not all of the authors were from the Basque region. Newspapers frequently published articles written by intellectuals from Catalonia or Madrid. Often they would be previously published in magazines such as *El Economista* or *El Financiero*, or in conservative newspapers such as *La Época*. Even so, Basque intellectuals such as Julio de Lazúrtegui, Pedro de Otaduy, Joaquín Adán, Amadeo de Mendiluce or Ramón de Basterra led the scene.

Figures 3 and 4 show some of the results from our exercise. In Figure 3, I have selected some indicators that denote nationalism such as the frequency of usage of the words “Spain”, “Spanish” and their derivations of gender and number. Between 1914 and 1916, the word “Spain” was used in 3.02‰ of our sample, whereas it was used in 4.86‰ of the second period. It went from ninth to fourth place of the words with meaning. The word “nation”, “national” and their plural in Spanish were also used more between 1920 and 1922 than during the previous period. Another indicator of nationalism is “our” and its derivations. They were also used more frequently after World War I. Thus, nationalism became a basic ingredient of corporatist discourse. It fit in with economic protectionism, and was useful for attenuating the class conflict. In the end, the European war seemed to have demonstrated that at the moment of truth, national solidarity had prevailed against class solidarity. As can be observed in Figure 3, the word “worker” [obrero] and derivations became less frequent after

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<sup>15</sup> In 1920 the newspaper *El Financiero* translated a chapter of Valois's *L'économie nouvelle*. George Valois: “De las llamadas “Confederaciones Generales del Patronato””, *El Financiero*, n. 984, February 6th, 1920: 187-188. About Valois, Williamson (1985). Some Basque corporatist intellectuals in Plata (1991): 26-58.

World War I. The same occurred with “class” and the plural form. Use of the expression “working class” [clase obrera] is also less frequent: from 16 occurrences in 1914-1916 (0.27%) to 29 in 1920-1922 (0.13%). The use of other words such as “laborer(s)” [trabajador/trabajadores] or even “producer(s)” [productor/productores] was more frequent in the second period. “Producer(s)” would become, over time, the common corporatist term for referring to the working class (see Figure 4). Together with nationalism, Catholicism would gradually be integrated into corporatist discourse. The message was coherent with regard to the discourse's distribution: the “producers” would not act in society by pursuing their own interest, as occurred in liberal capitalism. Rather, they would act in the nation's best interests.<sup>16</sup> In addition, the “producers” would also act for God's greater glory. Nationalism and religion ended up modelling the anti-competition rhetoric in Spain during the first half of the twentieth century. In the 1930s, conservative intellectuals and politicians had already developed a corporatist, coherent system of ideas. It was integrated with a broad movement called “Social Catholicism”.<sup>17</sup>

Growing Spanish nationalism was accompanied in the Basque region by strong attacks against the political elite groups of the constitutional regime and, in general, against any sort of liberal government. Many articles from the two periods maintained that the Spanish state was “in decline”, “lethargic” and “corrupt”, in contrast with the drive and vigour of industrial regions such as Catalonia and the Basque Provinces. In both regions, local anti-Spanish breeds of nationalism were strengthened during the European war. Nevertheless, in the Basque region the greater part of the economic elite groups steered clear from separatism, and also fought against it politically. Despite this, the intellectuals who favoured the business owners used an anti-Madrid rhetoric that in a way was in tune with separatism.<sup>18</sup> The objectives were nonetheless very different. Whereas separatism attempted to break away from the state, the goal of the Basque economic elite groups was to conquer it.

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<sup>16</sup> For instance, in Joaquín Adán: “El peligro de desorganización obrera”, *Información*, 29 de agosto: 507-508; “El fascismo ante los problemas sociales”, *Información*, November 29th, 1920: 699-700.

<sup>17</sup> See Fraile (1998), pp. 172 y ss. However, corporatism was not the product of a particular political culture. Spain was more catholic than Portugal, and Colombia more than Brazil, and the latter reached a higher level of corporatization. Schmitter (1974), pp. 89-90.

<sup>18</sup> See Antonio Dubois: “La crisis y los problemas económicos”, *Economía Vasca*, January 31th, 1922: 2-3; Antonio Dubois: “El enigma económico”, *Economía Vasca*, February 22th, 1922: 4-5; Domingo Pando Ortiz: “La colaboración comercial del Estado”, *Información*, May 29th, 1922: 304; Pedro Antón y Olave: “Orientaciones económicas”, *El Nervión*, November 15th, 1922.

To do so, Basque intellectuals extolled the virtues of the local public administration (provincial governments called *Diputaciones*, city councils) versus the inefficiency or “dirtiness” of government institutions such as ministry delegations or the postal service.

FIGURES 3 AND 4 HERE

Corporatist writers insisted that the people of Vizcaya were a “strong”, industrial “powerful” and “energetic” people. Faced with the “meridionalism” and “rotteness” of state institutions, the Basque “race” had the duty, given its moral superiority, to regenerate the entire country.<sup>19</sup> According to intellectuals such as Ramón de Basterra, Amadeo de Mendiluce, Santiago de Urcelay, Rafael Sánchez Mazas, Joaquín Adán or the businessman José Félix de Lequerica, the task of the Basque economic groups was supposed to be almost one of “colonizing”. Bilbao was a “strong” and “anxious” city in a similar fashion to German or American industrial cities. It had nothing to do with the “corruption in Madrid”. The Basques had already exercised “economic imperialism” with their heavy investments in other regions of Spain since the beginning of the twentieth century. Now they had the duty of obtaining decision-making power or clearly influencing it. In this regard, and to reinforce the argument, it was commonplace to praise the virtues of major industrialists, especially the first generation of businessmen who “without any psychological debility” had led the region's industrialization since the 1870s.<sup>20</sup> This rhetoric of “force” and “energy” fit in well with a region that had grown economically with a heavy industry model. Dictator Primo de Rivera (1923-1930) would employ

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<sup>19</sup> See Archivo de la Cámara de Comercio, Industria y Navegación de Bilbao, exp. 1981, “Asamblea regia – Instituto”, *El Heraldo* de Madrid, August 28th, 1915.

<sup>20</sup> José Félix de Lequerica: “Los hombres de Bilbao”, *Información, Suplemento Extraordinario (Artículos publicados en La Esfera el 12 de agosto de 1916)*, August 31th, 1916: 649-650. Ramón de Basterra: “El poder de Bilbao”, in Basterra (1998) [1917]: 63-103. Adán, Joaquín, “Vizcaya en la unidad económica española. Conferencia pronunciada en la Cámara de Comercio de Madrid, el día 19 de mayo de 1934”, in Adán (1944): vol.2, 143; Pedro Rico: “La formación de un espíritu económico vasco”, *Economía Vasca*, March 25th, 1922: 7; Amadeo M. de Mendiluce, “Vizcaya. Impresiones y comentarios”, *El Financiero*, 1922: 85-88. Miguel de Unamuno also hoped that a *nueva política* emerged from Bilbao. Miguel de Unamuno: “Bilbao y la nueva política”, *Hermes*, n. LXIV, October 1917, in Unamuno (1998): 269-271. In 1919 Joaquín Adán pointed out that Spanish government has done nothing to protect disabled people: only Vizcaya had implemented the first plan: “Los inválidos de la paz”, *Información*, February 28<sup>th</sup>, 1919: 111-112. Santiago de Urcelay also insisted that Vizcaya had a developed social welfare system, unlike the rest of Spain: “El retiro obrero y las inversiones sociales, II”, *El Nervión*, June 21th, 1921.

these ideas upon exposing the need to develop a “virile” economic and social policy in Spain.<sup>21</sup>

Figure 4 reflects what we have just stated. For example, the word “state” is used much more: from 0.98‰ from 1914-1916 to 2.19‰ from 1920-1922. The word “bureaucracy”, usually used pejoratively in Spanish, went from 0,10 to 0,49‰, and the word “liberal”, almost always used in a negative context, from 0.15‰ to 0.37‰. Regeneration and the promotion of sustained and more “balanced” economic growth were called “reconstitution” in that era. This word would be added progressively to the corporatist vocabulary: from 2 occurrences in 1914-1916, it increased to 44 occurrences in 1920-1922.

Another of the axes of the new corporatist discourse was the request for greater government intervention in economic affairs. As may be observed, the word “intervention” went from 151th to 59th place in the second period. The terms “Madrid”, “Ministry” and “minister” were also used somewhat more. Finally, the words “promotion” [fomento] and “development” were used more than double in the second sample. In spite of the desire for greater state intervention in the economy and in relations between employers and workers, corporatist writers always made it clear that holding private property was indispensable. Forming vertical compulsory unions was recommendable. They would be organized by production sectors or subsectors. However, under no circumstances should they intervene in companies' systems of internal organization. Figure 4 reflects the growing concern in texts for matters concerning “private property”. Both words together went from a use of 0.07‰ to 0.23‰. Vicente Gay was one of the greatest defenders of private property and maintaining business owners' independence in company management. According to this writer, capital deserved “special consideration and care; not in a privileged sense, but rather a demand from the very nature of things.”<sup>22</sup> Furthermore, capital was linked to the existence of a superior and well educated class that was essential for the economy to work. Articles about possible attacks on private property were common in 1920 when the Social Reform Institute, a state-run organization created in 1903 to

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<sup>21</sup> The first Manifesto of Primo de Rivera already proclaimed that the coup was a virile movement. See *El Nervión*, September 14th, 1923.

<sup>22</sup> Vicente Gay: “La defensa del capital”, *El Financiero*, n. 980, January 9th, 1920: 40-41.

improve the standard of living among the working class, studied some sort of worker intervention in large companies.<sup>23</sup>

The organicism of corporatist intellectuals fits in well with this type of argument. Workers could never replace business owners because they had been trained “in the school of economic life” for generations. Companies had to be in the hands of their owners and “technicians”, who were those who knew how to direct and manage them. The defence of private property and capitalist order; the functional hierarchization of society —owners with business know-how, technicians, workers, all of them “producers”; and the state's role as custodian or arbiter became the basic axes of corporate nature. This was the “modern” way of facing “new” post-war problems. Society had to be highly organized and hierarchical. A “technical class” had to play the most important role. Figure 4 includes data of the use of the words “system”, that reflects the desire for order and organization, and “technical” [técnica], much more frequently in the second sample than in the first one.

An interventionist, anti-competition and organicist rhetoric had to attack trade and finance. Merchants were billed as guilty of the economic cycle's fluctuations. Trade tended toward speculation, and speculation brought about a scarcity of food and other basic goods. This caused unrest among the working class. Stock exchange speculators also generated economic crises. Production, “work” was imposed in answer to trade and finance.<sup>24</sup> The great industrial companies were more desirable to small businesses. It was preferable to eliminate intermediaries. Financial investments were considered to be unproductive. Antonio Dubois, in the Bilbao Chamber of Commerce's journal, proposed Germany as a model to imitate: it was the country that had best achieved “a rational organization of its production” through the creation of cartels. German industry was “disciplined” and “organically organized”. Moreover, the German economy had managed to decrease the influence of “high trade” by placing it under the rule of industry.<sup>25</sup>

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<sup>23</sup> “Necesidad de una política social”, *Información*, November 15th, 1920: 660. Pedro Gual Villalba: “La participación en los beneficios”, *Información*, August 28th, 1920: 495-496.

<sup>24</sup> Ángel Guerra: “Un peligro para la raza”, *El Noticiero Bilbaíno*, February 18th, 1921; “El momento actual”, *Información*, January 14th, 1921: 8.

<sup>25</sup> Antonio Dubois, “El capitalismo y el régimen de concurrencia. Los Cartels en Alemania”, *Información*, March 30th, 1918: 169-171. “La depresión económica de España”, *El Noticiero Bilbaíno*, August 4th, 1920; S. Olmedo y Estrada: “La hora del bien. Por la clase media”, *El Nervión*, October 8th, 1920.

Corporatist writers also criticized the nouveau riche, those who had reaped unforeseen earnings during the war without any effort at all. These groups had amassed fortunes with stock speculation or opportunist business ventures. They were accused of not having any moral scruples, publicly showing off their wealth when a general increase in price for basic food stuffs was occurring.<sup>26</sup> In other words, not only were they modifying the traditional pre-war order, they were also exacerbating the class conflict. As a result, it was quite common for the press to speak of the need to “ban” luxury and return to the simplicity and restraint of traditional customs.<sup>27</sup> This was especially the case during the inflationary boom of 1920, when the rise in price for foodstuffs for the lower classes contrasted with the prosperity of the new wealthy classes. In light of ostentation, people had to return to the pre-war “simplicity”. It was absolutely necessary to establish “moral norms” for the behaviour of economic and social participants.<sup>28</sup> T. Mendivi proposed a “League for the defence and propagation of wearing espadrilles” and, in general, a national anti-luxury movement.<sup>29</sup> Faced with squandering money, the need to inculcate saving and planning ahead was encouraged among the middle and working class.<sup>30</sup>

### **3. The influence of the context on the output and interpretation of the text**

In this section, we study to what extent the economic and social conditions we discussed in the first section influenced the production and interpretation of discourse. In other words, we analyze the influence that context exercised on the production of the set of statements that gradually modelled corporatist discourse during World War I and the immediate post-war period as well as the influence that context had on the

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<sup>26</sup> V. de Burgos: “La crisis económica y moral”, *El Noticiero Bilbaíno*, April 13th, 1921.

<sup>27</sup> José Elías de Molins: “La producción y el ahorro en el consumo”, *El Nervión*, August 5th, 1920. Pedro A. de Otaduy: “De la crisis industrial y comercial”, *El Nervión*, August 30th, 1922.

<sup>28</sup> Ángel Guerra: “Economías”, *El Nervión*, December 12th, 1919; Ángel Guerra: “Lujo y miseria”, *El Noticiero Bilbaíno*, September 27th, 1919.

<sup>29</sup> “La alpargata se aristocratiza”, *El Liberal*, May 11th, 1920. T. Mendivi: “Zapato de cuerda, etcétera”, *El Liberal*, May 11th, 1920.

<sup>30</sup> José de Posse y Villelga: “La eficacia del ahorro. La acción previsora: el ejemplo de los Estados beligerantes, II”, *Información*, July 29th, 1915: 624-626; “El ahorro escolar”, *Información*, January 11th, 1917: 15-16; Ana María Múgica, “La economía y la previsión en la niñez”, *El Nervión*, January 24th, 1920.

way in which the texts were interpreted.<sup>31</sup> In short, we studied discourse as a process of social interaction.<sup>32</sup>

Discourse involves social conditions on different levels: the immediate social environment in which the discourse occurs; the level of the social institutions, which constitutes a wider matrix for the discourse; and the level of the society as a whole. These social conditions at those varied levels influence the processes of production and interpretation of the texts.<sup>33</sup> In the production process, the text is a product; in the interpretation process, the text is a resource. This paper argues that the set of statements that ended up comprising the corporatist discourse were the product of four social conditions: i) changes in the economic structure that occurred during the European war. On an international scale, there was an increase in competition between domestic economies due to monetary instability (devaluation of the mark and franc) and problems of overproduction, especially in the heavy industry. Within Spain, the Basque region was especially punished by the post-war crisis. There were saturation problems in old industries and a decline in production costs. ii) The exacerbation of the class conflict that brought about a search to incorporate the working class into the system, especially after what occurred in Russia in 1917. iii) The liberal political elite's inability to incorporate the status groups more closely within the political process. iiiii) The appearance of new social groups that threatened the hegemony of the traditional regional elite groups, at least in the case of Vizcaya.<sup>34</sup>

Out of the four conditions listed, what stands out is the fact that most of them were brought about by the European war; in other words, by an outside factor. Perhaps the exception is the third condition as the economic elite groups of the Basque region had begun to harshly criticize the liberal political class starting in 1909. Another exception would be a structural condition that we have not yet mentioned: the concentration of property and the appearance of financial capitalism, in the case of Northern Spain starting in approximately 1900. Thus, the production of the corporatist discourse basically appears tied to needs for legitimization, acceptability and domination by certain elite groups whose hegemony was threatened by the upheaval brought on by World War I. With regard to the text interpretation

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<sup>31</sup> See Blommaert (2005): 39-67.

<sup>32</sup> On the relationship between discourse and society, Van Dijk (1997), Fairclough (2004).

<sup>33</sup> Fairclough (2004): 8, Figure 2.1.

<sup>34</sup> A theoretical approach about the issue in Schmitter (1979) [1974]: 24-25.

process, the corporatist discourse attempted to exploit middle class fear of the revolutionary worker movement, nationalism, the need for order, the proposal of an organic system and the attack on new groups who became rich off of the war.

#### FIGURE 5 HERE

In Figure 5, I have made a summary of the relationship between text and context that was gradually modelled after 1918. Faced with problems of overproduction and saturation, corporatist texts exposed the advantages of cartelization —German industry's “superior organization”; and the need for public works and greater state intervention. In the case of the Basque region, many writers urgently asked the state to invest in building a secondary railroad network in order to meet the demand of the iron and steel industry and restructure the naval construction industry. In light of growing competition of foreign manufactured goods, the corporatist discourse incorporated economic nationalism, the infant industry argument and the need for a “domestic reconstitution”. This “reconstitution” could not come about if the growth of domestic industry was not promoted. Faced with the growing class conflict, the following was proposed: vertical organization of unions, the obligation to join a union, economic nationalism and the implementation of an organic system in which “producers” instead of “workers” would exist. Private property was defended against a possible intervention of unions in company management. Business owners comprised a “technical class” that could not be replaced. As they were faced with the independence of the liberal political elite and the problems of Basque economic elite groups to access decision making, the text exhibited the “parasitism” of Spanish bureaucracy, Madrid's lethargy and the Castile's decline in contrast with the drive and vigour of the outlying industrial regions. Corporatist intellectuals advocated the establishment of a system of functionally organized representation. As the parliament was supposedly incapable of solving problems, they set their sights on vertical or functional representation. This was the only type of representation that could solve “modern” problems that Western societies had to face at the beginning of the 1920s. With the intensity of the business cycle, they proposed to control the competition, cartelization of the industry and



order. Financial speculators and merchants were blamed for aggravating cyclical fluctuations. In response to the new elite groups who became rich off of the war, they were accused of lacking morals and aggravating the class conflict with ostentation and luxury.

## **Conclusion**

This paper has explored the relationship between language and economics, between text and context, through a case study. Our analysis has focused on an industrial region in Northern Spain during the European war and the immediate post-war period. The results suggest that the context was a determining factor in the process of construction and distribution of the corporatist discourse. Changes in the economic structure occurring during the period, especially serious for the Basque region, caused the local elite economic groups to need major transformations in public policies and even profound institutional changes. These changes were necessary for reproducing their dominance in a situation of economic distress. However, they could only achieve them through constructing sets of statements that reinforced their legitimacy; and, at the same time, the statements had to fulfil a mobilizing function against the liberal political class. The reason is that this ruling class was obstructing access to decision making. A construction process was gradually established, and links were established between the different statements until a coherent discursive line was formed at the beginning of the 1920s. The pieces began falling into place around basic concepts such as order, industry, work, organicism, functionalism and force. The paper has demonstrated that context clearly determined the text's construction. This contradicts the Foucauldian theory that considers that the most important factor is the intrinsic structure of discourse. Though it is true that discourse tends toward inclusiveness, and it tends to colonize the world imperialistically, one cannot forget that it was produced, at least in this case, by some economic elite groups whose hegemonic position was endangered. In other words, reality created the discourse and not vice versa.

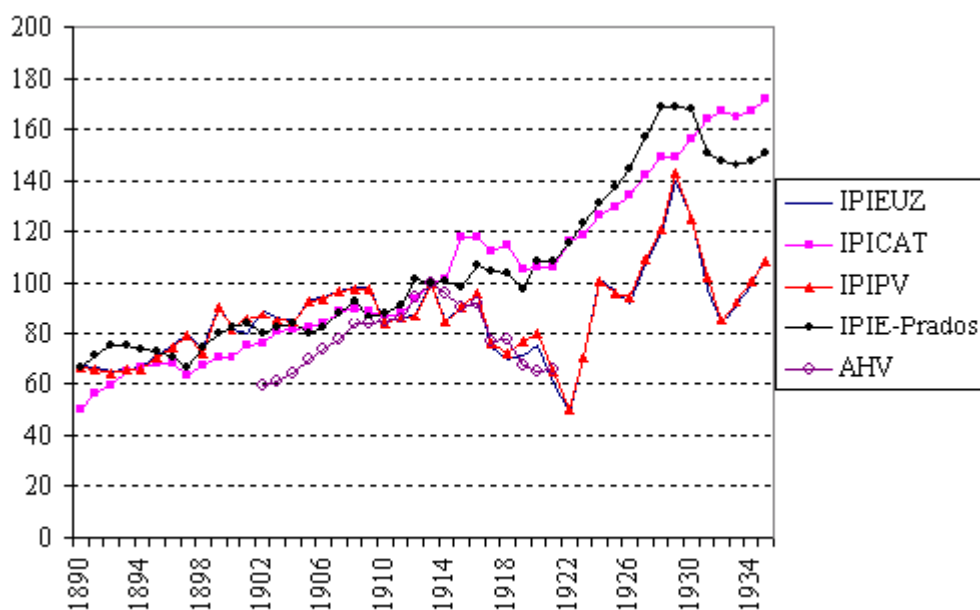
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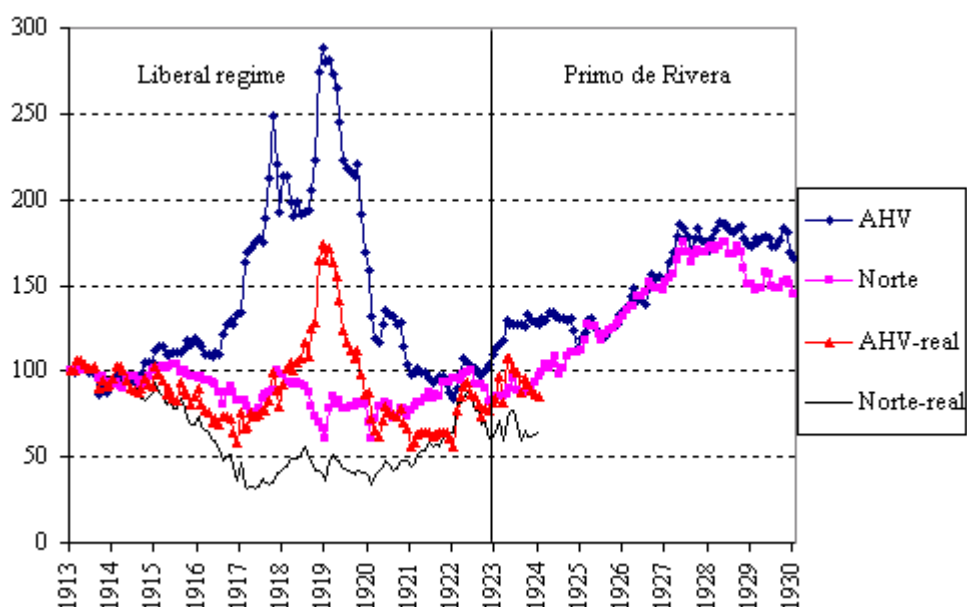
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FIGURE 1. *Economic Distress (I): Industrial Production Indices in Spain, Catalonia and Basque Region, 1890-1935 (1913=100)*



Sources and specifications: IPIEUZ (Basque Country) in Carreras (1985); the IPIPV (Basque Country) was built by Parejo (2004), with more series (64) than the IPIEUZ (17); the IPICAT (Catalonia) also by Parejo (2004); the IPIE (Spain), elaborated by Prados (2003). The first three indices have been rescaled in 1913=100. The AHV (Altos Hornos de Vizcaya) index has been built with data from Houpt (1998), II. It is a production index of Sestao and Baracaldo factories (located near Bilbao) for 1902-1921.

FIGURE 2. *Economic Distress (II): Nominal and Real Prices in Stock Market. Altos Hornos de Vizcaya and Compañía del Norte in the Bilbao Stock Exchange, 1913-1936*



Sources and specifications: Bilbao Stock Exchange, Official Bulletins 1913-1936; and *Información* (Bilbao Chamber of Commerce). Monthly averages calculated with daily data. Given to the absence of monthly price indices, the series have been deflated with a monthly price index of steel products, taken from Houpt (1998, II), and weighted by sales volume. August 1917 and June-July 1922 (strikes) have been substituted by an average of the previous and following month.

FIGURE 3. *Nationalist Markers: Ocurrences in 1914/1916 and 1920/1922*

	1914/1916				1920/1922				Ratio B/A
	Ocurrences	Rank	Total ocurrences	Mean per 1000 words (A)	Ocurrences	Rank	Total ocurrences	Mean per 1000 words (B)	
Total words (tokens)	59024	-	59024	-	228344	-	228344	-	-
Total words (types)	10352	-	10352	-	19707	-	19707	-	-
[Spain][Spanish][gender][plural][gender]	96/22/35/17/8	9/91/40/119/>200	178	3,02	558/119/187/98/147	4/75/33/99/38	1109	4,86	1,61
[nation][national][plural]	8/51/13	>200/25/>200	72	1,22	112/284/199	68/17/29	595	2,61	2,14
[our][plural][gender]	14/15/7	150/137/>200	36	0,61	88/102/65	113/88/171	255	1,12	1,83
[worker][plural][gender][plural]	97/145/22/17	8/2/87/118	281	4,76	288/404/102/149	16/8/88/37	943	4,13	0,87
[Class][plural]	67/55	16/19	122	2,07	151/47	41/>200	198	0,87	0,42

Source and Specifications: Four daily newspapers (*El Nervión*, *El Noticiero Bilbaíno*, *El Pueblo Vasco* and *La Gaceta del Norte*) and the financial magazine *Información* (owned by the Bilbao Chamber of Commerce). Processed with Concordance. Ranks, averages and ratios calculated taking into account meaning ocurrences. Words: España-español-española-españoles-españolas; nación-nacional-nacionales; nuestro-nuestros-nuestras; obrero-obreros-obrera-obreras; clase-clases. Ranking until 200th place.

FIGURE 4. *Anti-Competition and Corporatist Markers: Occurrences in 1914/1916 and 1920/1922*

	1914/1916				1920/1922				Ratio B/A
	Ocurrences	Rank	Total occurrences	Mean per 1000 words (A)	Ocurrences	Rank	Total occurrences	Mean per 1000 words (B)	
[state]	58	17	58	0,98	501	5	501	2,19	2,23
[industry][plural][industrial]	45/18/42	28/110/34	105	1,78	433/100/89	7/89/112	622	2,72	1,53
[burocracy][liberal]	3/6	>200/>200	9	0,15	29/55	>200/188	84	0,37	2,46
[public]+[works]	23	[78]	23	0,39	115	[67]	115	0,50	1,29
[system]	30	53	30	0,51	188	32	188	0,82	1,62
[government]	48	26	48	0,81	171	36	171	0,75	0,92
[promotion][development]	31/20	50/93	51	0,86	122/276	66/14	398	1,74	2,02
[luxury]	4	>200	4	0,07	63	176	63	0,28	4,07
[producer][plural]	7/2	>200/>200	9	0,15	12/48	>200/>200	60	0,26	1,72
[private]+[property]	4	>200	4	0,07	53	[185]	53	0,23	3,42
[corporatist][corporatism]	0/2	>200/>200	2	0,03	23/74	>200/164	97	0,42	12,54
[Madrid][Ministry][minister]	20/26/20	97/66/97	66	1,12	135/118/32	58/66/>200	285	1,25	1,12
[cartel][plural]*	4	>200	4	0,07	33/7	>200/>200	40	0,18	2,58
[reconstitution]	2	>200	3	0,05	44	>200	44	0,19	3,79
[technical]	17	118	17	0,29	142	47	142	0,62	2,16
[intervention]	14	151	14	0,24	136	59	136	0,60	2,51

Source and specifications: Based on the same sources of Figure 3. Words: Estado; industria-industrias-industrial; burocracia-liberal; obras+públicas; sistema; gobierno; fomento-desarrollo; lujo; productor-productores; propiedad+privada; corporativista-corporativismo; Madrid-Ministerio-Ministro; cártel-cárteles; reconstitución; técnica; intervención. \* “Cartel”, “cartels” and “cárteles” included.

FIGURE 5. *Dissecting the Corporatist Discourse in Northern Spain (1918-1923): Context and Statements*

CONTEXT	TEXT	TEXT	TEXT
Overproduction - saturation	Advantages of cartelization	Public works	"Reconstitution"
Foreign competition	Nationalism	"Infant industry" argument	Idem
Class conflict	Compulsory tradeunionism	Not "workers" but "producers"	Nationalism
Conflict with liberal elite	"Parasitism"	"Functionalism"	Castilian decadence
Conflict with parliament	Modern problems	Idem	Idem
Defence of big business	Order	Social protection	"Technical class"
Defence of private property	"Technical class"	Order	"Work"
Business cycle intensity	Blaming "trade"	Blaming "speculators", "financiers"	Defence of "production", cartels, order
New elites	New rich	Speculators, "hoarders"	Luxury, not "work"